

Montpelier, VT - Rep. Peter Welch today outlined his support for middle class tax relief, saying the middle class is getting squeezed as they face rising expenses for fuel, childcare, healthcare, and education.

Welch announced at Vermont College's Family Center he is cosponsoring The Middle Class Opportunity Act of 2007, H.R. 2902. The bill increases the Child Tax Credit, expands the Dependent Care Credit, creates an Education Tax Credit, and offers middle class relief to the Alternative Minimum Tax (AMT).

"The middle class is getting squeezed. I come home each weekend and hear the same thing from Vermonters: increasing expenses for fuel, childcare, healthcare, and education are making it harder and harder for working families to make ends meet," said Welch. "We have to address these out-of-control costs and we have to address tax fairness. I am committed to help working Vermonters and expand opportunities for the middle class."

Liz Emmons, a mother and state employee from Northfield joined Welch. Emmons, whose husband works for a local fuel dealer, noted that "It's only getting harder to make ends meet. Families' wages aren't keeping up with increasing expenses for the things we need like child care and education."

Welch added, "Our country has always been at our best when we have focused on building a strong middle class."

The Middle Class Opportunity Act, which is targeted to focus on working American families:

- **Increases the Child Tax Credit for the First Year it is claimed**, doubling the existing child tax credit from \$1,000 to \$2,000. The credit would be refundable to the extent that it is under current law.
- **Expands the Dependent Care Credit**, raising the income threshold for the phase-out of the dependent care tax credit from \$43,000 to \$75,000. It also expands the dependent care credit (which now applies to child care and dependent parents who live with the taxpayer) to include care for parents or grandparents who are incapable of caring for themselves but who do not reside with the taxpayer.

- **Creates an Education Tax Credit**, combining existing education tax incentives (the Hope and Lifetime Learning tax credits and the college tuition tax deduction) into one simple, easy-to-understand Education Tax Credit. This credit would be available for up to \$2,500 per student with up to three students eligible per household and includes expenses for tuition, fees, and textbooks.
- **Offers Relief from the Alternative Minimum Tax (AMT)**, for 2007 and 2008, stopping the AMT from hitting millions of additional taxpayers over the next two years. Welch is an advocate for a permanent AMT fix for the middle class. Earlier this month, Welch voted on a temporary AMT fix that protects more than 42,900 middle class Vermont families from a pending tax increase under the AMT. The bill passed the House and is pending in the Senate.

To address the pressure families are feeling from inflated fuel costs, Welch also authored legislation earlier this month to close "The Enron Loophole," which has allowed price manipulation by energy speculators to drive up the price of heating fuel for Vermonters and Vermont businesses. Vermont fuel experts estimate that Vermonters pay between \$800 and \$1000 more per year as a result of this price manipulation.

Welch was also a major advocate for the College Cost Reduction Act, which became law in September, and is expected to benefit over 10,000 Vermont students, will provide Vermonters an estimated \$61 million in financial aid, and cut interest rates for an average savings of \$4,370. It also included cost-containment incentives.

In addition to voting for Medicare Part D reform requiring price negotiations for cheaper prescription drugs, Welch is also a co-sponsor of several major health care reform initiatives aimed at expanding health care access and containing costs.

- **FUEL:** The average U.S. heating oil bill is expected to be a record \$1,834 for the winter, up 28 percent from a year ago and double the cost seen four winters ago.
- **HEALTH CARE:** The average amount workers pay in premiums for a typical family policy rose from \$129 a month in 1999 (approximately \$160 in today's dollars) to \$273 this year, a jump of 70 percent when adjusted for inflation, a recent Kaiser survey of employers shows.
- **CHILD CARE:** The average annual cost of child care in Vermont is over \$7,000 a year for a single child and nationally costs increased from 2005 to 2006 an average of 6.9 percent.
- **EDUCATION:** From 2001 to 2006, average tuition at public universities jumped 35 percent after adjustment for inflation, the largest five-year increase on record, according to the College Board.